



Data Analytics Office
Missouri Department of Commerce and Insurance
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Lawsuit Abuse

An Insurance Case Study: Part One



DCI

Missouri Department of Commerce & Insurance

CONTENTS

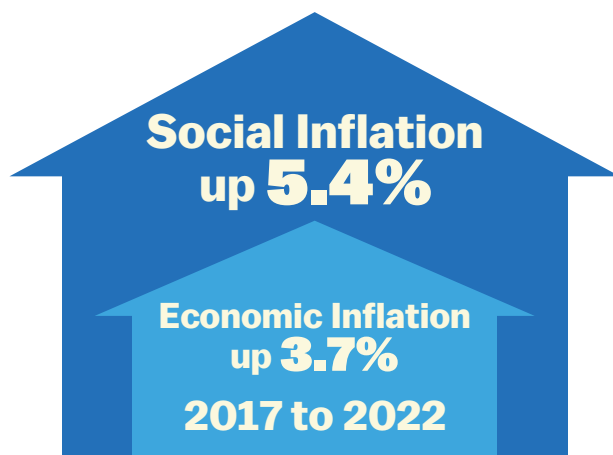
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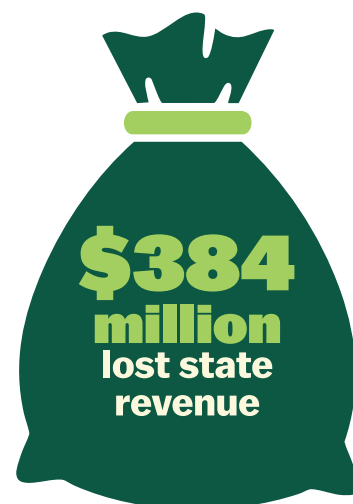
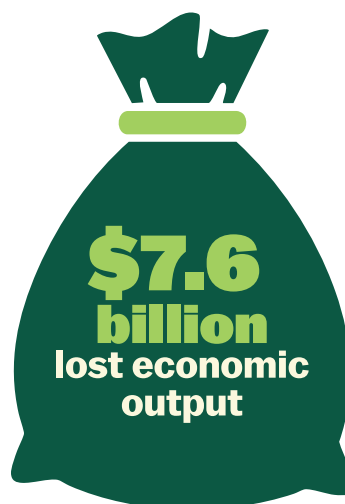
Executive Summary

"A flawed Civil Justice system which generates exorbitant levels of damages or numbers or awards and which is unpredictable in its outcomes may result in negative impacts through the misallocation of society's scarce economic and human resources."

This report addresses the growing challenge of lawsuit abuse and its impact on Missouri's insurance market. These costs ultimately fall on consumers, creating financial strain for families, businesses, and essential service providers.



A major driver of these trends is **"social inflation"**, which grew by 5.4% annually from 2017 to 2022, compared with 3.7% for economic inflation. The Insurance Information Institute estimates that social inflation added \$91.6–\$102.3 billion in losses for personal auto liability and \$83.4–\$103.3 billion for other liability lines nationwide between 2015 and 2024. In Missouri, The Perryman Group calculates a "tort tax" of \$1,216 per person, amounting to \$7.6 billion in lost economic output and \$384 million in lost state revenue.



Many factors have contributed to increased social inflation in Missouri. From third-party litigation funding — the funding of a lawsuit in return for a percentage of the damages awarded — to psychological tactics used to influence the jury such as reptile theory or anchoring, several lawsuit abuse strategies are employed in Missouri to increase the likelihood of significant awards and, as a result, social inflation.

The burden on Missouri insurance consumers is clear:

63% of foster care providers report difficulty obtaining liability coverage, and 67% have seen rate hikes exceeding 50%. Homeowners insurance premiums are rising at 8–12% annually, while medical malpractice rates have increased for six consecutive years, with Missouri among 16 states experiencing hikes over 10%. Private passenger auto liability has produced underwriting losses of \$43 billion nationwide, and Missouri carriers have filed for double-digit rate increases in recent years for Missouri auto liability policyowners.

**Private Passenger
Auto Liability:
underwriting losses of
\$43 billion
nationwide**

Missouri has previously enacted litigation/tort reforms — such as non-economic damage caps starting at \$400,000, venue restrictions, and stricter punitive damage standards — but St. Louis remains ranked the sixth-worst Judicial Hellhole for 2025–2026. Case studies from Florida and Georgia show that comprehensive reforms, including limiting recoverable medical expenses and requiring disclosure of litigation funding, can stabilize insurance markets. Without further action, Missouri risks continued premium escalation and economic losses. Strategic and measured legislative reforms targeting abusive litigation practices offer a path to restore fairness, reduce costs, and protect consumers statewide.



63%
**of Foster Care
Providers report
difficulty getting
liability coverage**



67%
**have seen rate
hike exceeding
50%**

I. INTRODUCTION

Lawsuit abuse has become a serious problem. To understand why, and how it impacts insurance, a basic understanding of the insurance industry is necessary. As with any business, an insurance company must be able to settle its liabilities, which include the claims it has a contractual obligation to pay. If the cost of coverage increases, an insurance company may need to adjust its rates to raise the capital needed to pay claims. Lawsuit abuse increases insurance claims costs, leading to rate increases for consumers. Consequently, some consumers may need to drop their coverage, thereby reducing the company's capital. This cycle results in higher costs for the company and fewer, higher-cost options for consumers.

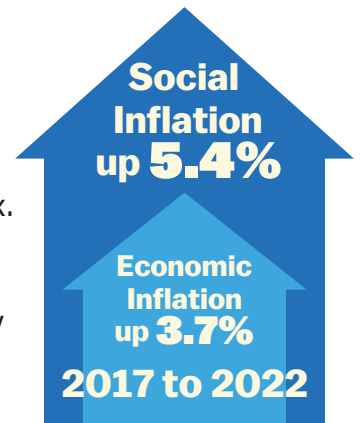
II. WHAT SEEMS TO BE THE PROBLEM?

A. Social Inflation: More Than Economic Factors

Swiss Re [24] defines the increase in severity of insurance claims in addition to what can be explained by purely economic factors as "social inflation". They estimate that social inflation rose by as much as 5.4% annually from 2017 to 2022, while economic inflation increased by only 3.7% during the same period. To assess the growth of social inflation relative to economic inflation, Swiss Re developed a social inflation index. This index reveals three significant spikes in social inflation in the last 50 years: first, in the mid-1980s, when asbestos litigation fueled increased rates for Architects and Engineers' liability coverage; second, in the early 2000s, when class action lawsuits became popular and massive punitive damages were awarded; and finally, in the past five years, when massive nuclear verdicts drove social inflation throughout the liability market.

While there have been some states that have seen significant improvement in litigation risk due to tort reforms, Swiss Re highlights that litigation risk driving social inflation will remain in the United States for the foreseeable future.

Further support for social inflation attributed to legal system abuse is provided by the Insurance Information Institute's 2025 study [18], which clearly shows that liability insurance claim costs are far outpacing the consumer price index. In fact, they conducted a study showing the national increases in losses due to social inflation between 2015 and 2024. The following table summarizes their findings:



Line of Business	Estimated Impact Range (\$B)	Direct Losses Paid (\$B)	Direct Premium Written (\$B)
Personal Auto Liability	91.6 - 102.3	1,925	3,056
Commercial Auto Liability	52.0 - 70.8	402	740
Other Liability: Occurrence	83.4 - 103.3	545	1,141
Product Liability: Occurrence	4.6 - 4.8	37	81

TABLE I. Study results from the Insurance Information Institute.

To get a sense of the true economic cost of nuclear verdicts, The Perryman Group estimates that Missouri consumers are paying a “tort tax” of \$1,216, defined as the annual reduction in economic output per capita [14]. While this may seem small, this amounts to \$7.6 billion in lost economic output for Missouri. Additionally, The Perryman Group estimates that excessive tort litigation is responsible for an estimated \$384 million of lost Missouri state revenues. They state, “On the other hand, a flawed civil justice system which generates exorbitant levels of damages or numbers of awards and which is unpredictable in its outcomes may result in negative impacts through the misallocation of society’s scarce economic and human resources.”

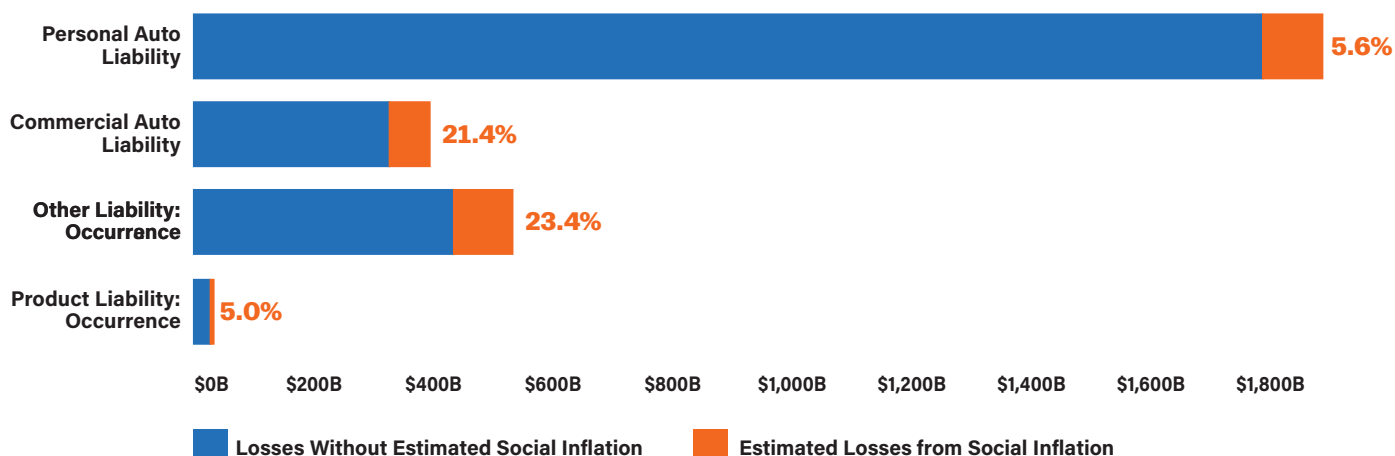


FIG. 1. This figure looks at the estimated claims impact due to excessive litigation as compared to the total direct losses paid nationwide for each line of business.

B. The Burden on Insurance Consumers

While examining the economic costs of excessive tort litigation is essential, it is also important to consider the burden on insurance consumers. Specifically, the National Organization of State Associations for Children [39] published a report examining the state of child welfare liability insurance in the United States. Based on a survey of community providers of foster-care services, 63% of respondents reported it was difficult to obtain coverage for their businesses, and 67% indicated that their rates have increased by more than 50% with their current carrier. They found that general liability premiums are rising at an annual rate of 8%-12%, largely due to increased litigation and large settlements. This study clearly demonstrates how nuclear verdicts are impacting all areas of the commercial insurance market, with individuals who provide essential services to our communities struggling as a result.

A study by the California Association of Joint Powers Authorities found that California taxpayer dollars are increasingly being spent on large claim settlements. Settlements against schools and local governments divert public funds from the classroom and prevent them from serving their communities. In fact, they found a direct relationship between communities with large claim settlements against public education and declining K-12 math assessment scores. While this may seem like a one-time setback, these communities will continue to face financial challenges due to large settlements, with liability insurance rates skyrocketing and, in some cases, becoming nearly impossible to find following large verdicts [36].

C. Missouri Sees Social Inflation

In Missouri, the greatest concentration of tort-related litigation activity occurs in the City of St. Louis. In fact, the American Tort Reform Foundation ranks St. Louis as the sixth-worst “Judicial Hellhole” for 2025-2026. The paper mentions that St. Louis courts failed to overturn a \$462 million verdict against Wabash Trucking Company in March 2025 and awarded a \$495 million verdict against Abbott Laboratories for complications with premature babies developing necrotizing enterocolitis. While the initial award in the baby formula case was made in 2024, the case was subsequently transferred to the Missouri Court of Appeals in 2025. The American Tort Reform Foundation criticized this particular case for its allowance of controversial scientific testimony against the use of baby formula for premature babies. Both the American Academy of Pediatrics and the Necrotizing Enterocolitis (NEC) Society have criticized the lawsuit and its award, with the American Academy of Pediatrics stating, “Courtrooms are not the best places to determine clinical recommendations for the care of infants.” [12]

D. Types of Insurance Impacted

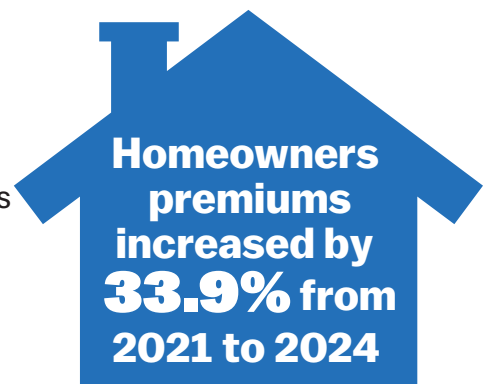
Many types of insurance have been impacted by excessive tort litigation. This report highlights a few key insurance types.

1. Homeowners

Legal system abuse has also impacted the roofing industry. Mark Graham of the National Roofing Contractors Association recently spoke at the National Association of Insurance Commissioners’ Fall National Meeting about the factors driving the rising cost of roofs. He attributed the increase in roofing costs to several factors, including rising liability insurance costs for roofing contractors. This increased overhead expense is redistributed to their customers and, in turn, to the insurance company covering them.

Two of the major coverages on a homeowners policy are wind and hail, or windstorm, and fire. Windstorm coverage covers damage caused by wind or hail, such as roof or siding damage. Fire not only covers damage caused by a fire, but it also usually covers damage caused by smoke from a fire. The annual frequency for windstorm claims is 1 in 36 homes, whereas the annual frequency for fire claims is 1 in 430 homes. Though windstorm claims are more frequent, it is important to note that fire claims are much more severe [17]. Windstorm and fire litigation both tend to focus on claim disputes, but fire litigation often involves fraud investigations. Florida has seen success with recent tort reforms targeting post-storm lawsuit abuse. Before the tort reform measures were passed, litigators would sue insurance companies for claim denials following major storms, which led many carriers to flee the state. However, with recent reforms, many carriers have returned to the Florida market [43].

Based on zip code-level data collected by the Missouri Department of Commerce and Insurance, homeowners premiums have increased by 33.9% from 2021 to 2024; however, it is unknown what percent of that increase can be attributed to increased litigation expenses. As rates increase, the number of individuals who choose not to insure their homes also increases.



The Missouri Department of Commerce and Insurance recently conducted a study examining uninsured rates across the state and found that lower-income areas tend to have higher uninsured rates. The department found that some ZIP codes in northern Missouri have uninsured estimates as high as 90%, and in St. Louis, where a destructive EF3 tornado hit on May 16, 2025, the calculated uninsured estimates reached 70%.

2. Private Passenger Auto Liability

Many industry studies have attributed increased rates for private passenger automobile insurance to legal system abuse. Swiss Re highlights that bodily injury exposure for U.S. carriers has resulted in \$43 billion in underwriting losses over the past five years [25].

A classic example of lawsuit abuse came about in 2021. A Missouri woman sought legal action against a man for negligence resulting in a bodily injury lawsuit for failing to notify her that he had human papillomavirus before they engaged in sexual activities in his vehicle, covered by Geico, which she claimed should be responsible for paying damages. The two parties entered into an arbitration in which the arbitrator determined that the man had acted

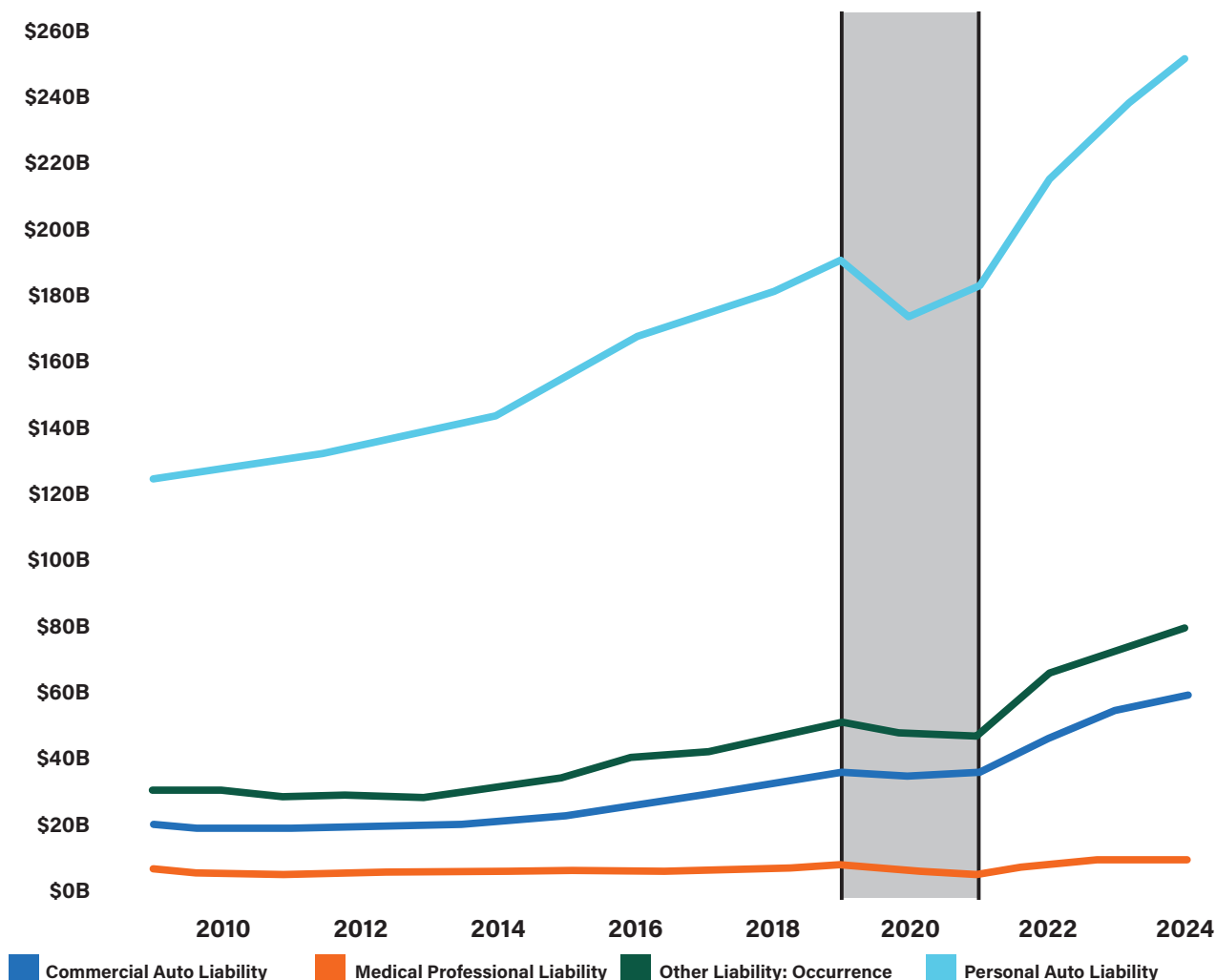


FIG. 2. This figure looks at losses paid by line of business for the last 10 years. Between 2019 and 2021, there was a clear negative trend in paid losses, but after 2021, losses spiked due to social inflation factors.

negligently, and \$5.2 million in damages were awarded, for which Geico was responsible. However, Geico was never allowed to intervene or even notified of the arbitration. A series of subsequent trials in the Missouri Supreme Court, U.S. District Court for the Western District of Missouri, and the United States Court of Appeals for the Eighth Circuit all ruled in favor of Geico, saying that sexual activity does not constitute as use of an automobile [31].

Based on zip code-level data collected by the Missouri Department of Commerce and Insurance, private passenger automobile liability premiums have increased by 37.5% from 2021 to 2024; however, it is unknown what percent of that increase can be attributed to increased litigation expenses.

With rising rates, uninsured rates also rise. From 2014 to 2017, liability premiums increased nearly 15%. A 2018 study by the Missouri Department of Commerce and Insurance found that estimated uninsured rates exceeded 20% in more than 27 counties in Missouri. Some ZIP codes in Missouri had uninsured rates as high as 50% [32].

3. Medical Malpractice

The American Medical Association (AMA) notes that 2024 marked the sixth year in a row of nationwide medical malpractice rate increases, with 16 states (including Missouri) reporting increases of greater than 10% [4].

4. Product Liability

Whether it be for infant formula, weed killer, talc powder, or asbestos exposure, many of the massive verdicts in St. Louis in recent years center around product liability. Despite this, the product liability market has not seen massive rate increases in recent years. Aon's recent Global Markets report indicates that general liability, umbrella, and excess casualty lines are the primary lines affected by high litigation awards. It is also likely that major companies set aside internal reserves for litigation payouts rather than rely on an insurance company [3].

5. Commercial General Liability

Commercial general liability tends to be one of the most impacted lines of business due to excess litigation inflation. Studies have shown that rates increased about 4-5% between 2023 and 2024 for this line of business, but about double that for its companion products - umbrella and excess lines [1].

6. Health

It has long been understood that highly litigious environments cause medical professionals to act defensively when providing health care. This could result in patients not receiving the necessary care they need to recover. One study by the National Library of Medicine found that caps on noneconomic damages decreased defensive medicine practices. They found that health care utilization decreased by a statistically significant percentage when caps on noneconomic damages were in place. These utilization drops could have the secondary

benefit of reduced health insurance premiums when the health insurance carriers pass the savings on to consumers [2]. A study by the University of Texas at Austin found that major tort reforms can increase health insurance coverage rates. As the study suggests, this is likely due to lower health insurance costs resulting from reduced liability. Companies may be passing on cost reductions to consumers, which in turn allows more people to afford private health insurance [5].

III. WHAT IS CAUSING THE PROBLEM?

In establishing that there is a problem with significant litigation awards in the United States, it becomes imperative to ask the question, why? Why are we seeing these trends in massive awards? In essence, what is causing the problem? To answer this, we must examine several emerging litigation trends that often result in substantial awards for the plaintiff and significant indemnity for the insurance company covering the defendant.

A. Third-Party Litigation Funding

Third-party litigation funding, or TPLF, refers to the financing of plaintiffs' litigation in return for a share of the award. A report from the American Security Project highlights an important issue with third-party litigation funding: the potential for foreign states, such as China and Russia, to use this mechanism to influence American markets [41]. There is, however, limited public information on the prevalence of such actors using TPLF in this manner due to the confidentiality and discoverability of TPLF agreements. Currently, the federal government and many state governments are seeking legislation to address the discoverability of these agreements.

A study published in 2025 by the Lawyers for Civil Justice looks at a limited number of public TPLF agreements to see what, if any, influence these contracts have on the outcome of the trial. The study found that in some contracts, the agreement gives the funder control over how the trial continues. In particular, the funder can decide which claims to pursue or when to settle the suit. In some cases, the plaintiff named in the suit may not even be actively participating in the case, as the funder acts on the plaintiff's behalf. They also found that the language in some TPLF contracts requires the plaintiff to follow the counsel appointed by the funder, with little or no room for disagreement [9].

B. Reptile Theory & Anchoring

Reptile theory refers to the tactic that plaintiff attorneys often employ to appeal to a juror's base instinct, or rather, their primitive survival instincts. According to the theory, by appealing to the reptilian brain, juries are more likely to award larger verdicts to eliminate the threat of the perceived danger. This tactic has been heavily utilized to increase the amount awarded for non-economic damages [27].

Similarly, and often in conjunction with reptile theory, anchoring refers to the cognitive bias of using the first piece of information heard to form a decision. Plaintiff attorneys will use this tactic to suggest a reasonable damages amount to influence the juries into awarding large damage amounts. Often, the attorney's figure is used as a reference point for juries [21]. A 2017 study published in the Washington University Law Review [6] looked at the potential

for anchoring to affect damage awards. They conducted mock trials to examine how lump-sum suggestions and per diem calculations affect the jury's final award. They found that proposing a lump-sum award along with a per diem calculation to support the award resulted in a 10% greater likelihood of a liability determination made against the defendant. Also, compared to when no anchoring at all was used, the mean award granted was substantially greater. A summary of their results is presented below:

TABLE II. Study results from the Washington University Law Review

Stimulus	Plaintiff Winning	Mean Damages Awarded
Lump Sum & per diem	61.1%	\$2,042,006
Lump sum only	50.8%	\$1,887,500
Per diem only	56.6%	\$714,317
Neither	51.1%	\$473,489

C. Forum Shopping

Forum shopping refers to the process of choosing a location for a litigation case to be heard, regardless of whether the case has any relationship to the location selected. Typically, this is done in the hope that the jurisdiction will treat the claim favorably. In Missouri, this issue was primarily addressed through Senate Bill 7, which was passed and signed into law by Governor Parson in 2019. Before this bill was passed, St. Louis was widely recognized as a popular venue for out-of-state litigation due to its history of juries awarding large sums [20].

D. Collateral Source

The collateral source rule prevents defendants from using past payments to reduce the damages owed to the plaintiff. Health insurance companies often pay a reduced amount for health services performed compared to what the covered patient was billed. However, plaintiff attorneys frequently present billed charges rather than the amounts actually paid in litigation cases. This results in inflated damages that were never actually paid. Collateral source was partially addressed in Missouri with Senate Bill 31, which was passed by the Missouri General Assembly and signed into law in 2017, but opportunities for further refinement exist [19].

E. Joint and Several Liability

Joint and several liability is the practice in which the jury assigns liability to each defendant independently, allowing multiple parties to be fully liable for any injuries the plaintiff incurred. This may create a situation in which one defendant, capable of paying a large sum, subsidizes another who cannot [22].

F. Excessive Punitive Damage Awards

Punitive damages are those awarded in addition to the damages found to be reasonable at trial, usually to deter the defendant from continuing the behavior that led to the lawsuit [23]. Insurance companies may choose to exclude punitive damages from the policy contract.

In Missouri, there is a limit to the amount of punitive damages that can be awarded. The cap for punitive damages is set at five times the amount of compensatory damages or \$500,000, whichever is greater [50].

G. Influencing Liability Prejudice

The introduction of damage arguments before liability has been determined can influence the liability determination of the jury. Allowing bifurcation of the trial eliminates any potential undue influence the damages arguments could have on the liability determination [51].

H. Statute of Limitations

In Missouri, the statute of limitations for bodily injury actions is five years, the third-longest among the states. Recently, Florida has had success in reducing its statute of limitations to two years. See the section titled “Tort Reform Case Studies” below [28].

For bodily injury claims due to an uninsured or underinsured motorist, the statute of limitations is ten years [8].

I. Time-Limited Demand

A time-limited demand is an offer from the claimant to settle a claim within the policy limits as long as the insurer agrees to the settlement before a specified period. In Missouri, this period must be at least 90 days.

For an insurance company, time-limited demands can pose many challenges. The insurance company must determine what is in its insured’s best interest. In many cases, this involves a lengthy review to determine the likelihood of a lawsuit trial going their way. Should they refuse the demand, the insured could be liable for a large award, but could also file suit against the insurer for acting in bad faith. If successful, the insurer may have to pay the entire award, including the portion outside the policy limits.

Plaintiffs understand this scenario can happen relatively easily, especially if the insured’s policy limits are low, so they can “set up” a bad-faith scenario to try to get more for their client. Clear documentation guidelines and reasonable acceptance periods can help alleviate some of the frustration caused by time-limited demands [52].

J. Comparative Negligence

Missouri is one of the most liberal states in the U.S. in terms of a plaintiff recovering damages for an accident in which they were partially at fault. It uses a pure comparative negligence system, meaning the plaintiff can recover for an accident in which they are partially at fault, such as not wearing a seat belt or distracted driving [7]. In fact, in Missouri, if a plaintiff is found not to have worn their seat belt in an accident, it only reduces the damages awarded by 1% [40].

IV. HISTORY OF TORT REFORM LEGISLATION IN MISSOURI

Missouri has had a history of passing tort reform measures in recent years. Here we will walk through a number of bills passed within the last 10 years.

A. Senate Bill 239 (2015)

SB 239, passed in 2015, created a statutory cause of action against healthcare providers and established non-economic caps. The caps started at \$400,000 for personal injury and \$700,000 for catastrophic injury with an adjustment of 1.7% [44].

B. Senate Bill 31 (2017)

SB 31, passed in 2017, allows parties to introduce evidence of the actual cost of medical care or treatment, which is defined as the dollar amount paid by or on behalf of a plaintiff or patient whose care is at issue, plus any other amount necessary to satisfy the financial obligation of said care [45].

C. House Bills 339 & 714 (2017)

HBs 339 and 714, passed in 2017, defined terms such as extra-contractual damages and time-limited demand such that the amount requested in a time-limited settlement offer does not exceed the insurer's limit of liability. Additionally, it sets 90 days as the minimum period a settlement offer must remain open for a liability insurer to consider acceptance [37].

D. Senate Bill 7 (2019)

SB 7, passed in 2019, limits the venue of a claim to be located in the county where the insurer resides, or the county where the insured's residence is located [47].

E. Senate Bill 224 (2019)

SB 224, passed in 2019, modifies the Rule of Civil Procedures regarding discovery. Specifically, the rule allows discovery of any matter relevant to the case, provided it is not privileged. This law brings Missouri's Rules of Civil Procedure in line with the Federal Rules of Civil Procedure [15].

F. Senate Bill 30 (2019)

SB 30, passed in 2019, allows a party's failure to use a seatbelt to be used as evidence in a trial, which is especially significant for automobile-related injury cases, as it enables the defendant to demonstrate the plaintiff's negligence, thereby reducing the defendant's culpability [46].

G. Senate Bill 591 (2020)

SB 591, passed in 2020, increases the burden of proof that a plaintiff must demonstrate to receive punitive damages. In fact, the plaintiff must show that the defendant intentionally tried to harm the plaintiff for punitive damages to be awarded [48].

This bill also changes the timing for when a plaintiff must claim that the law allows for punitive damages in their case. Before the bill was passed, a plaintiff could seek punitive damages at the start of the trial. However, after the bill's passage, the plaintiff must claim punitive damages at least 120 days before the trial's commencement [29].

H. House Bill 345 (2021)

SS HB 345, passed in 2021, clarifies that insurance companies are not held liable for any arbitration award related to personal injury, bodily injury, or death unless they have agreed to the arbitration proceeding [38]. Plaintiffs and insureds were using private arbitrations to avoid the insurance company's intervention in a pending lawsuit [16].

I. Senate Bill 47 (2025)

SB 47, passed in 2025, amends Supreme Court Rule 52.08 regarding class actions to be more in line with Federal Rule 23. Most importantly, it modifies provisions related to the dismissal of a class action and the appointment of class counsel [49].

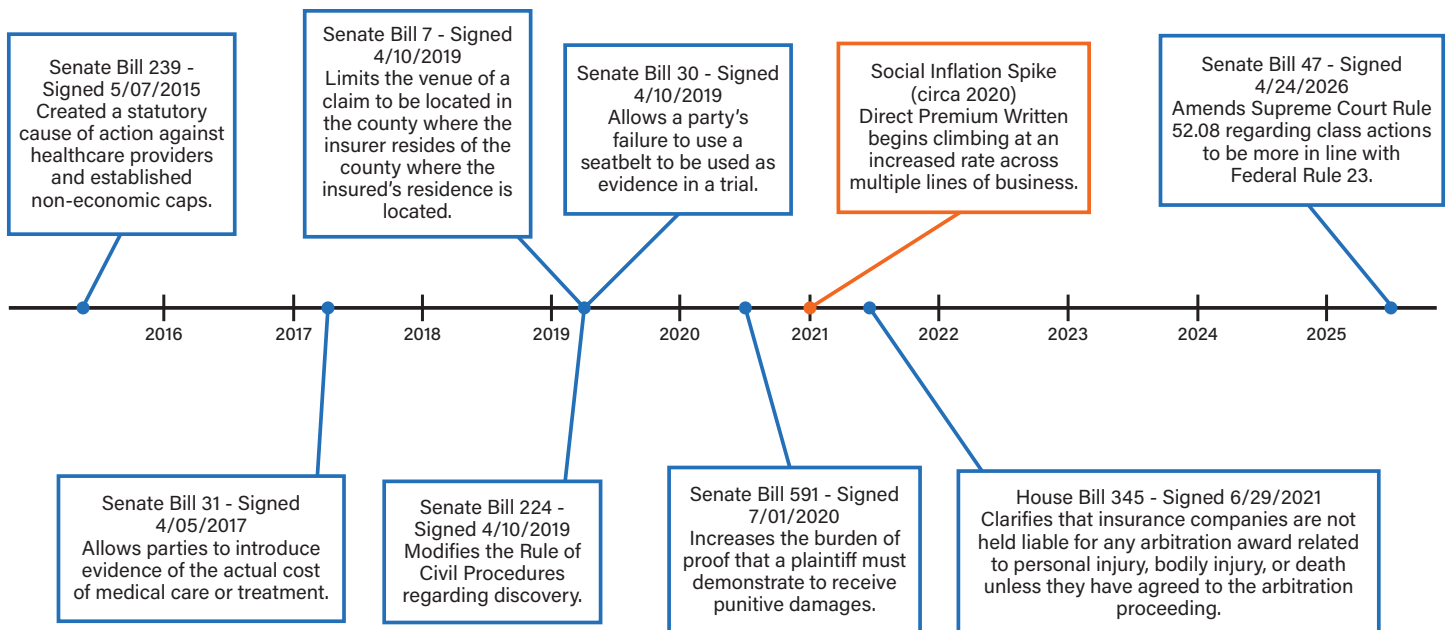


FIG. 3. This figure shows a timeline of bills passed by the General Assembly and signed into law.

V. TORT REFORM CASE STUDIES

A. Florida

1. Background

Before 2019, Florida was having difficulties with assignment-of-benefit (AOB) contracts involving water mitigation companies and roofing contractors. Under the old system, a third party could step in on the insured's behalf to collect from the insurance company. In 2019, when the legislation to address AOB litigation was passed, AOB lawsuits accounted for over 50% of lawsuits against insurance companies, resulting in rate hikes for insureds who had no involvement in the litigation [10].

Florida's property and casualty insurance market was unstable before the 2023 tort reform package, HB 867, was enacted. Carriers incurred a \$1.52 billion underwriting loss and \$1.8 billion loss in 2021 and 2022, respectively [13].

2. Provisions

HB 837 was designed as a comprehensive overhaul of Florida's litigation environment to restore balance. The provisions in the bill included the following:

- The statute of limitations for negligence cases dropped from four to two years.
- Modified the comparative negligence standard, which now bars recovery for plaintiffs deemed as greater than 50% at fault.
- Created a 90-day safe harbor period for insurers to tender policy limits, which reduces the risk of bad-faith suits.
- Limited recoverable amounts to those paid for medical expense claims.
- Required disclosure of letters of protection, which are agreements between the plaintiff and the plaintiff's medical provider. The medical provider agrees to provide medical treatment without out-of-pocket expenses in exchange for payment from a recovery the plaintiff obtains [42] [30].

3. Results of Tort Reform

The property and casualty insurance market in Florida is stabilizing. In fact, the state has proposed a decrease of almost 8.7% for homeowners policies for its state-run company Citizens Insurance. This is a historic decrease for a homeowners market that has been struggling in recent years, in part because of lawsuit abuse. Since the law was passed, 17 new insurers have begun to offer homeowners policies in the state, and Citizens has lost over 1 million policies, a clear sign that the market is stabilizing [43].

4. Implications for Missouri

Florida's massive tort reform bill includes two particularly noteworthy provisions. The first is the provision stating that if the plaintiff is found to be more than 50% at fault for the injury sustained, the plaintiff cannot recover damages. If the plaintiff is assigned fault below 50%, then the amount awarded to the plaintiff is multiplied by one minus the percent at fault.

The 90-day safe harbor period also eliminated many of the bad-faith suits filed in Florida, several of which were essentially set-ups. The safe-harbor allows an insurer to pay the lesser of the policy limits or the demanded amounts within 90 days of receiving sufficient evidence of bad faith. The insurance company, however, has a right to object to the evidence provided by the claimant.

B. Georgia

1. Background

Georgia's litigation climate had earned a reputation for unpredictability and outsized jury awards, particularly in trucking and premises liability cases. The state's courts permitted anchoring tactics, where plaintiff attorneys suggested arbitrary dollar amounts for pain and suffering, often untethered to evidence, leading to runaway verdicts. Negligent security claims, in which a property owner is held responsible for security vulnerabilities in their property or business, were another flashpoint, with broad foreseeability standards exposing property owners to liability for crimes they could not reasonably prevent. Combined with the growing influence of third-party litigation funding, these factors created systemic uncertainty for insurers and businesses, driving premiums upward and constraining capacity in excess casualty markets [11].

In April of 2025, Governor Kemp signed Senate Bills 68 and 69, tort reform legislation that will impact Georgia's litigation environment for years to come. A clause attached to the bill made the provisions effective upon the governor's signature. The tort package included many sweeping reforms listed below.

2. Provisions

- Limitations were placed on anchoring by requiring that monetary suggestions for non-economic damages be related to evidence.
- Mandated that the liability and damage phases of the lawsuit be separate to ensure that juries are focused on fault before focusing on the damages.
- Seatbelt non-use became admissible evidence.
- Limited recoverable amounts to those paid for medical expense claims.
- Required disclosure of letters of protection.
- Required that negligent security cases be linked to specific conditions.
- Required disclosure of third-party litigation funding agreements [33].

3. Results of Tort Reform

While Georgia's tort reform measures were enacted only recently, the state insurance regulator has already reported private passenger automobile rate decreases filed by State Farm, Liberty Mutual, and Safeco. These rate decreases could be an early indicator of how insurance companies expect tort reform measures to impact the market in the coming years [34] [35].

4. Implications for Missouri

All of Georgia's tort reform provisions were important for the state, but we will highlight three in particular. SB 68 requires that plaintiffs limit their monetary claims for non-economic damages to amounts supported by evidence rather than comparisons with other cases. This significantly restricts the anchoring practice, which has been shown to increase jury awards. The bill also requires that the liability and damage phases of the lawsuit be separated. This is especially important, as juries are necessary to assign liability before determining damages. Finally, third-party litigation funding agreements must be disclosed, a measure that will hopefully reduce funders' influence over tort cases.

C. Other States

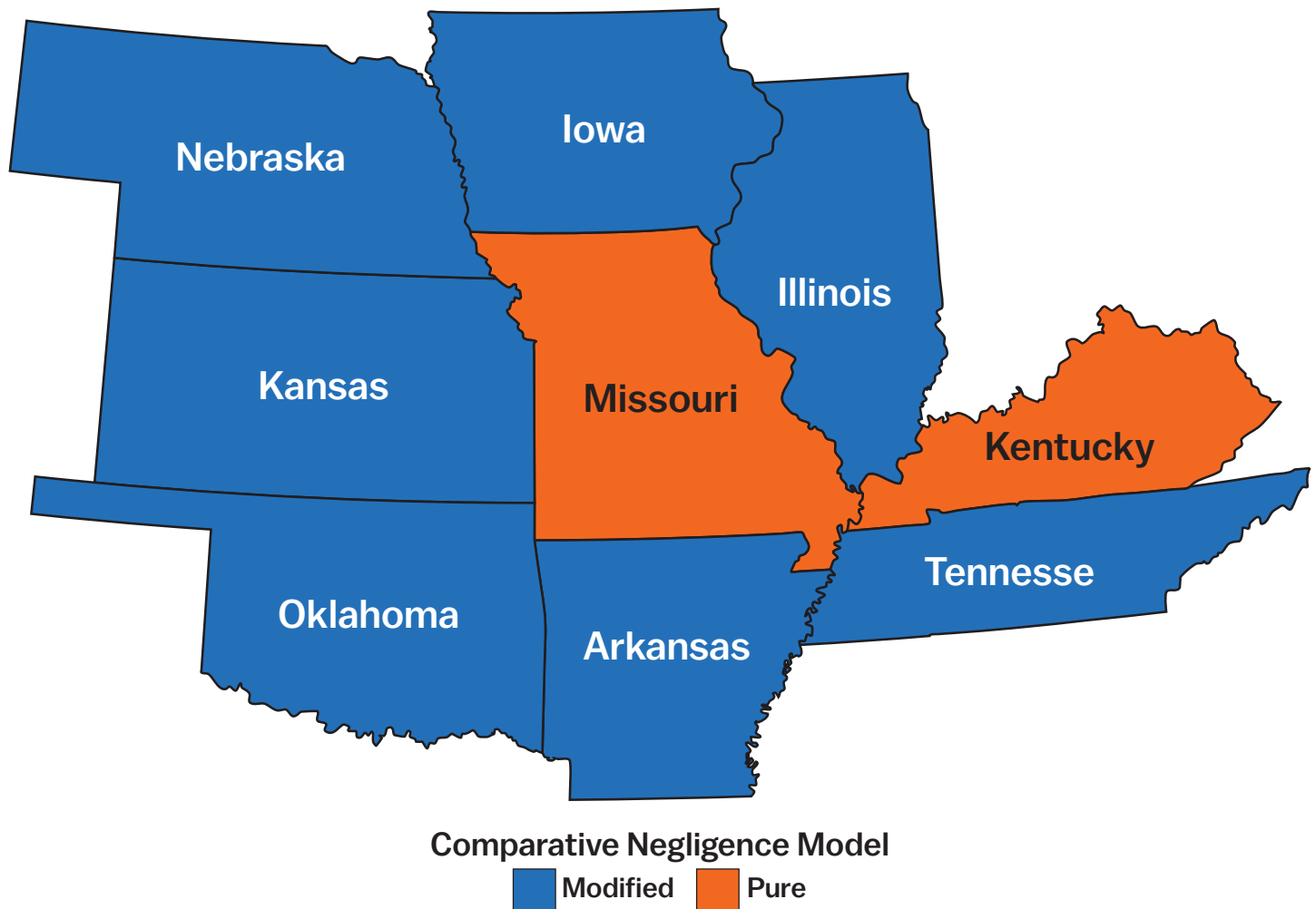


FIG. 4. This figure shows Missouri and other states' comparative negligence laws visualized on a map. [26]

A summary of legislation enacted by Missouri’s neighboring states is provided below:

State	Noneconomic Damage Caps	Medical Damages Proof	TPLF Disclosure	Procedural Reforms
Iowa	\$1M/\$2M	Paid amounts allowed	None	Venue restrictions
Illinois	None	Billed charges admissible	None	Some venue rules
Tennessee	\$750K/\$1M	Paid amounts allowed	Disclosure	Venue restrictions
Kentucky	None	No statutory restrictions	None	Some venue rules
Arkansas	None	Paid amounts allowed	None	Bifurcation allowed
Oklahoma	\$500K/\$1M	Paid amounts allowed	Disclosure	Bifurcation allowed
Kansas	None	Paid amounts allowed	Disclosure	Venue restrictions
Nebraska	\$2.25M (Med-Mal)	Actual paid (Med-Mal)	None	Sovereign immunity rules

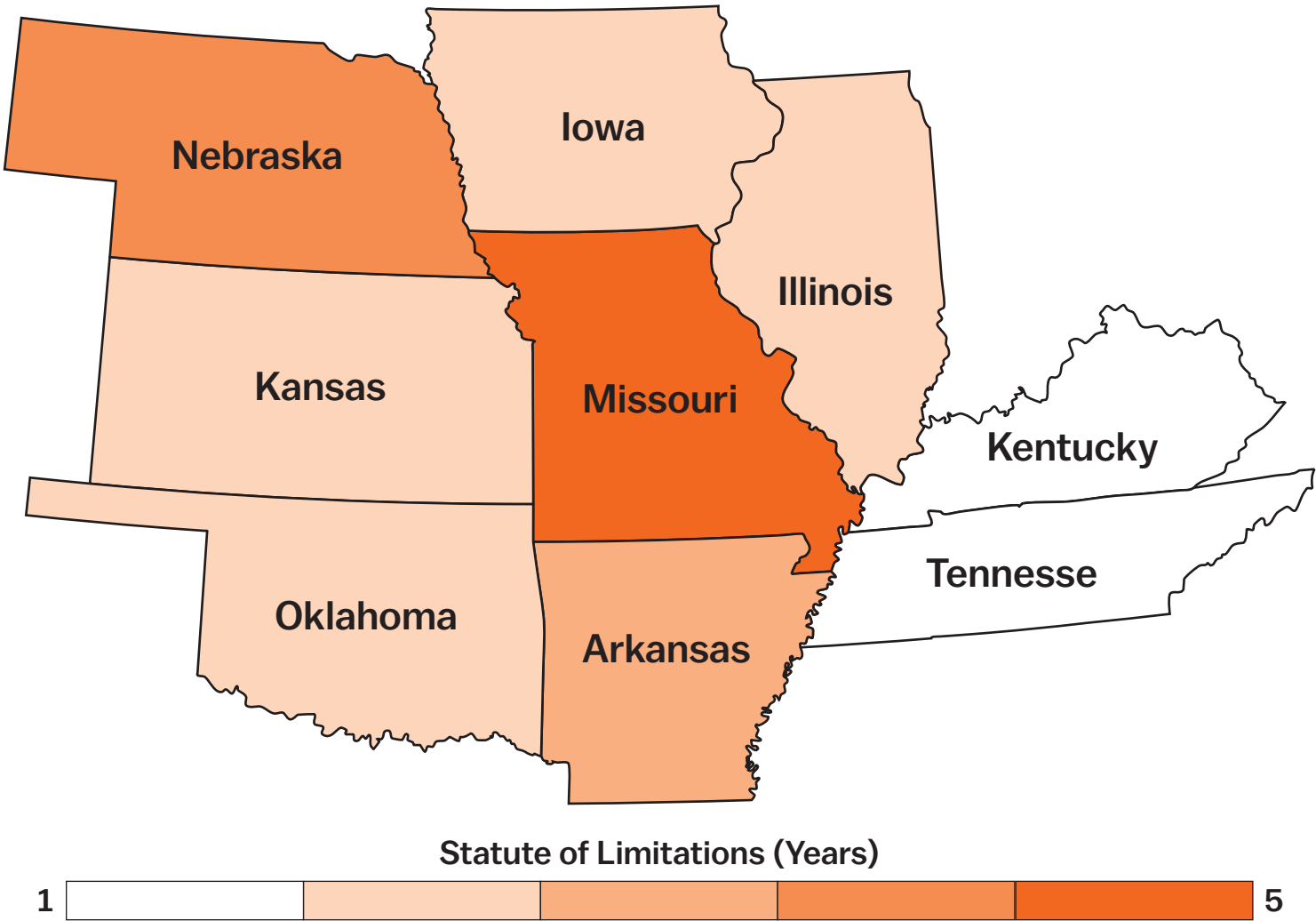


FIG. 5. This figure shows Missouri and other states’ statute of limitations visualized on a map [28].

VI. COMPARATIVE ASSESSMENT OF TORT REFORM OUTCOMES

The reader may wonder, after reading this paper, why Missouri has not achieved the same success as Georgia and Florida. After all, Missouri has also implemented tort reform legislation, so why has it not seen similar results?

It is important to note that prior tort reform legislation affected insurance losses in Missouri.

In Figure 2, we clearly see a decrease in losses between 2019 and 2021, corresponding to the enactment of several new tort reform laws in Missouri. However, we know that social inflation increased dramatically in the 2020s due to significant awards granted in the state, so any benefits from the passage of these laws are likely washed out after 2021.

There remain several provisions that Missouri could enact, as Georgia and Florida have enacted and achieved positive outcomes. Those include, but are not limited to:

- Reduce the statute of limitations for liability cases from five years to two years.
- Reduce the ten-year statute of limitations for bodily injuries due to an underinsured or uninsured motorist.
- Modify the comparative negligence standard so that plaintiffs found greater than 50% at fault do not receive damages, and modify damages awarded based on the plaintiff's share of fault below 50%.
- Eliminate joint and several liability so that defendants found less than 100% at fault pay their share of the damages rather than subsidizing other defendants' shares.
- Bifurcate the liability and damages trials.
- Reduce the punitive damages cap in Missouri.
- Standardize supporting documentation requirements before the clock starts on time-limited demand settlements.

VII. CONCLUSION

Missouri's litigation environment continues to drive up insurance costs, create economic inefficiencies, and limit market stability, despite previous legislative reforms. Earlier changes provided some relief, as evidenced by a temporary decrease in losses from 2019 to 2021. However, rising social inflation due to lawsuit abuse has negated those gains.

This report highlights the severity of the issue, including large jury awards in St. Louis, increasing premiums for homeowners and private passenger auto insurance, as well as medical malpractice and general commercial liability insurance. These pressures ultimately impact Missouri consumers, families, and businesses, leading to higher costs as the insurance market reacts to abuses in the legal system.

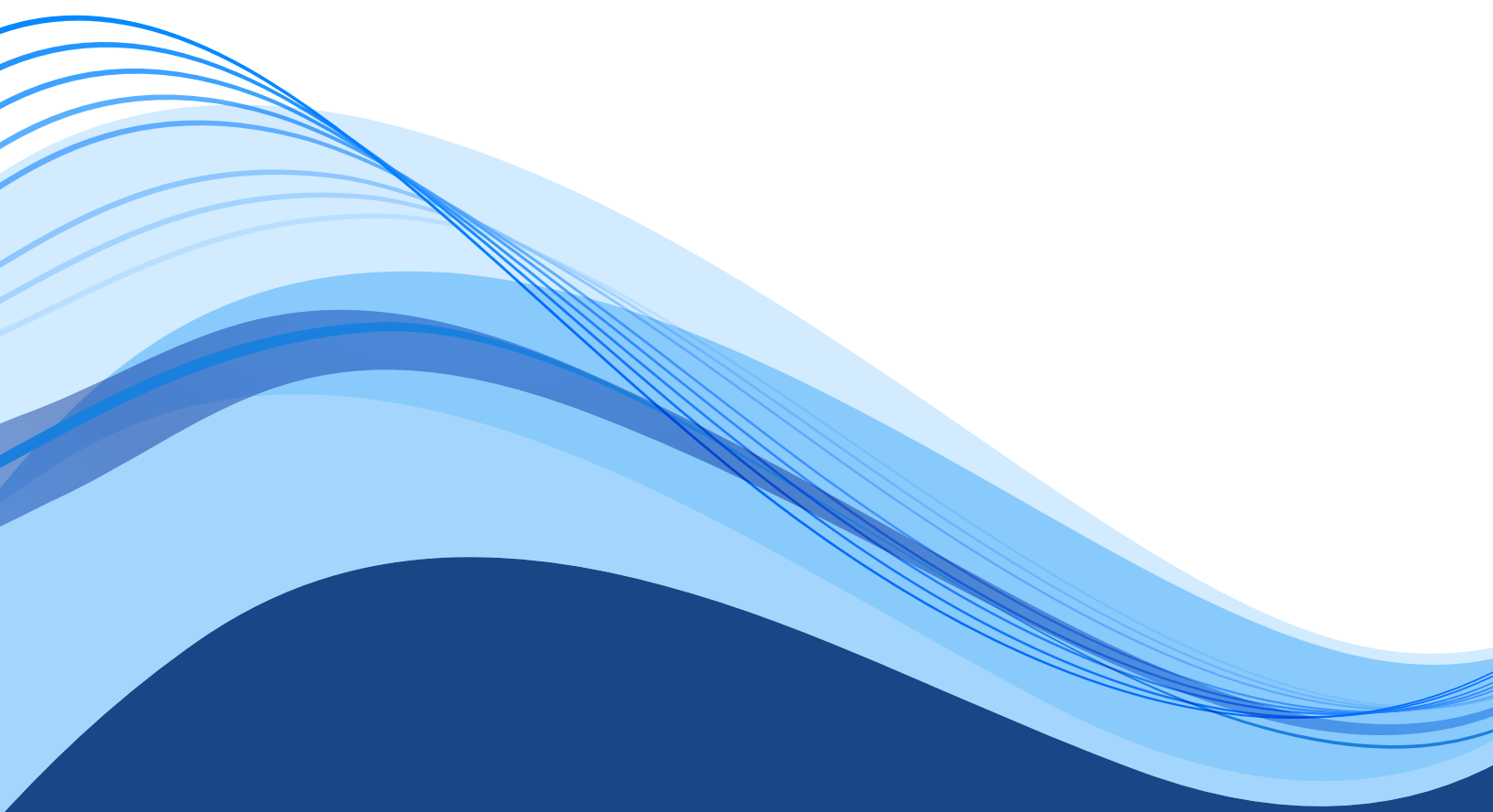
Florida and Georgia's tort reform initiatives demonstrate that significant improvements are possible. Both states have implemented comprehensive and targeted reforms that address various issues, including comparative negligence standards, the requirement for disclosure of litigation funding, shortened statutes of limitations, limits on recoverable medical damages to the amounts actually paid, and restrictions on anchoring tactics. Since these reforms were enacted, both states have experienced stabilization of their insurance markets, increased participation from insurance carriers, and lower premium rates in major lines. This could serve as a blueprint for Missouri to modernize its legal framework.

Missouri can implement reforms that better align liability with fault, reduce chances for litigation abuse, and give insurers more predictability. Measures such as shortening statutes of limitations, eliminating joint and several liability, reducing caps on punitive damages, bifurcating trials, and strengthening requirements for time-limited demands could help stabilize the liability insurance market and lower insurance premiums throughout the state.

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